

held by European investors and of demands for coin by American visitors and residents on the Continent.

*July*

Continental speculators in securities sold large quantities of stocks in our Stock Exchange in order to reduce the extent of their investments in view of the possibility of political events depreciating securities generally and, indeed, rendering them entirely unmarketable. Hence the only solid holding under these premonitions consisted of cash. But equally were possible buyers influenced by the same considerations—particularly in respect of stocks which were peculiarly sensitive to foreign diplomacy and the political acts of continental states. But the depression was in no way limited to the more speculative securities or to those substantially liable to foreign influences. The value of securities (which I have elsewhere designated as "intrinsic," *i.e.* which, from their character, possess a permanent worth whatever temporary vicissitudes may intervene) was virtually merged in public judgment—so profound and wide was the demoralising effect of apprehension—with investments of a distinctively inferior nature. During this period of vague alarm, many jobbers ceased to make prices in the more speculative stocks. It may also be soundly conjectured that, in Germany and Austria, important banks and mercantile houses were privately but officially apprised of the catastrophe which the two Governments were manoeuvring and manufacturing, and in both countries such official intimations are virtually commands to act. For on the advent of war, an imperative necessity in Germany and Austria was the accumulation of gold for the successful prosecution of their crime; and, moreover, the imbecility definitely persisted there—with that fatal lack of imagination in arrogant countries in picturing the mental attitude of other lands—of the certain annihilation of the Bank of England, and the consequent impairment of our power and hope. Hence the sales of vast masses of

securities by these continental houses upon our Exchange, with the depletion of our Bank's resources by the abstraction of the proceeds in gold. And there can be no